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SUBJECT: "CHINA TIMES" COMMENTARY DISCUSSES THE
PEACEFUL DECLINE OF THE UNITED STATES

Summary: The centrist newspaper "China Times" carried a commentary June 20 by Professor Chu Yun-han of the National Taiwan University's Department of Political Science, in which he discussed and predicted the peaceful decline of the United States in the next ten to fifteen years. An excerpt of the commentary follows.

"Peaceful Decline of the United States"

Professor Chu Yun-han wrote in the "Weekly Commentary" of the centrist, pro-status quo "China Times" [circulation: 600,000] (6/20):

". This deteriorating state of the huge trade imbalance [in the United States] did not merely reflect the constant weakening of the United States' export competitiveness; nor did it simply indicate the United States' worsening problems of excessive consumption and insufficient saving or imply that the U.S. exchange rate has been severely overestimated due to the offset of short-term cash flow. The deeper significance of the United States' huge deficit of balance of payments shows that the economic, political and military foundations of the U.S. hegemony are weakening and that the global order established by the United States single-handedly after the war [in Iraq] will face a series of tremor and adjustment. Such a process of order re-organization will certainly not be smooth or peaceful.

"The four major pillars that support the United States' exclusive superpower position are: the United States' particular wealth in territory, natural resources and economic size; its long-term leadership regarding productivity and its international competitive edge; its superiority in legitimacy and ideological structures; and its absolute supremacy in military and security areas. These four pillars have propped up the United States' dominant position over global affairs and the greenback's status as the international reserve currency. Over the past few years, the phenomenon that these four pillars are sinking day by day has been getting clearer and clearer. Among the four pillars, [the one consisting relating to] productivity and international competitiveness is the one that has lost its leading edges the quickest, and it happens to be the most critical cornerstone holding up the U.S. hegemony. .

"The rapid swelling of U.S. expenses related to arms procurements over the past few years has put the whole new weapon research and development mechanism on the brink of decomposition. Part of the reason is because of man-made errors - the problem that certain interest groups have manipulated the Pentagon's weapon procurement process is getting more and more serious. Part of the reason is due to the fact that the U.S. defense industry is lacking a solid and broad daily necessities industry to back it up. .

"What is even more worrisome is that the United States' democracy seems to have gradually lost its capability to respond to challenges. During the five-year term of the Bush administration, serious errors occurred in the administrative objectives and distribution of national resources. Over the past five years, the United States' accumulated national defense expenses have reached USD1940 billion, and its accumulated national debts have also soared to the benchmark 75 percent of its GDP. In the meantime, the gap between the rich and the poor inside the United States is widening; social security protection for middle- and low-income families has shrunk greatly; and [incidents of] social discord and conflicts are increasing. The unprecedented humongous military expenses, however, has failed to help the United States to get obtain better security protection, nor has it helped the United States redeem

its international image and prestige of leadership that have both hit rock bottom. .

"In the face of the rapid rising of China and India, however, conscientious policy debates are hardly heard in the U.S. Congress; instead, it is filled with populist appeals that attempt to find a scapegoat for the aged economic problems or with corny statements that fostered the protectionism sentiments. When facing the industrial hollowness, an imbalanced trade structure, out-of-controlled financial deficit and the United States' heavy dependence on the capital input of the Asia central bank, the attitude of the executive and legislative branches are basically procrastinating. Even the usually wise Federal Reserve can only maintain a highly loose currency policy to barely support the U.S. economic prosperity.

"All these indicated that in a short period of time (three to five years) the world economics will undergo an exchange rate storm that will be more serious than the 'Nixon shock' in 1971. In the mid-range period of time (five to ten years), the accelerating process of global production bases shifting will lead to deteriorating bilateral trade conflicts or even endanger the global free trade system. In a certain period of time (ten to fifteen years), the United States' dominance over the global affairs will markedly decline. This severe structural adjustment process will definitely not come quietly; we can only pray that at the least the process will be peaceful. For the international community, whether China can 'rise peacefully' and whether the United States can 'decline peacefully' are in fact a pair of questions that are closely linked."

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